

DRAFT v2
12:39 p.m.
Wednesday, January 20, 2010

Jackson, Mississippi – Legislation passed by the House is neither a compromise nor a responsible solution to the current budget crisis, Governor Haley Barbour said today.

House Bill 392, approved Tuesday on a vote of 70-49, proposes an additional \$50 million grab of rainy day funds, on top of \$115 million that has already been spent from the fund for the current fiscal year. As such, about one-third of the fund has already been spent; Governor Barbour believes the fund must last at least three more years to help ease the budget crisis.

“We know revenues will stay low in each of the next several years, so we must preserve as much as prudently possible in the Rainy Day Fund for the lean years ahead,” Governor Barbour said. “Under HB 392, we would spend almost half of the rainy day fund.”

Beyond the rainy day fund issue, HB 392 limits total budget cuts to \$347 million, a figure reflecting the shortfall that was estimated based on revenue through October of last year. Actual revenue collections for November and December 2009 suggest the shortfall will be \$437 million. Under the limitation imposed by HB 392, there would still be a \$90 million shortfall, based on the most recent estimates.

HB 392 would also require the Governor to move \$61 million of discretionary federal stimulus money into the general fund before making any additional spending reductions. The Governor said he is concerned that placing this money in the state’s general fund may violate federal law, potentially subjecting the state to expensive federal clawbacks during a time of declining revenue.

#